

CHIEF AUDITOR'S REPORT
March 2008

Attachment A

SUBJECT	DATE OF ASSIGNMENT	STATUS
1. Biennial Audit Plan	June 2007	In Progress – The Board of Administration approved the Audit Plan for Fiscal Years 2007-08 upon recommendation by the Finance Committee on June 15, 2007. A quarterly status as of December 31, 2007 is Item 6 of this Agenda for presentation at today's Finance Committee meeting. The Agenda Item shows the status towards completion of the Biennial Audit Plan and the status of Special Projects.
2. Financial Statement Audit(s)	Ongoing Workload	In Progress - CalPERS' independent financial statement auditor, Macias, Gini, and O' Connell is auditing the financial statements for the following programs: <ul style="list-style-type: none"> • State Savings Plus – A financial statement audit of the investment activity for Fiscal Year 2006/07, including the period ending August, 2008. The financial statement and audit opinion will be presented to the Finance Committee at the March 2008 meeting, Agenda Item 5. • Volunteer Fire Fighters Fund – A financial Statement audit of the fund activity, for the period beginning July 1, 2007 to February 29, 2008, and opinion letter will be presented to the Finance Committee at the June 2008 Finance Committee meeting.
3. Real Estate Auditor Spring Fed Pool	Ongoing Workload	The Board of Administration Independent Real Estate Auditor Spring Fed Pool will be refreshed by soliciting for new auditors and expanding the specialties of auditors currently in the pool. The previously approved Request For Proposal was release on February 29, 2008. Selection of finalists was previously delegated to staff by the Finance Committee. A finalist list will be presented to the Finance Committee for approval at the April 2008 meeting.
4. Monitoring and Responding to Exposure Drafts and Proposals	Ongoing Workload	In February 2008, Securities and Exchange Commission (SEC) published testimony by Chairman Christopher Cox to the Senate Committee on Banking, Housing and Urban Affairs regarding a number of topics relating to the deterioration of credit and liquidity conditions in the U.S. residential mortgage market, and especially in the subprime portion of that market. In his remarks, Chairman Cox discussed a number of topics relating to the subprime mortgage crisis, including some related accounting and risk management issues, the role of credit rating agencies, the mutual fund industry and steps the SEC is taking to improve transparency and oversight.